

Earnings vs. Previous Year
▲=Up ▼=Down ►=No Change



2003

ANNUAL
REPORT



Constellation

A S O N D J F M A M J J A S O N D J F M A M
2002 2003



People

EVERY DAY, CONSTELLATION'S MORE THAN
7,500 TALENTED EMPLOYEES MAKE US SUCCESSFUL BY FULFILLING
THE PREFERENCES OF BEVERAGE ALCOHOL CONSUMERS
AROUND THE WORLD AND DEVELOPING
STRONG RELATIONSHIPS WITH OUR BUSINESS PARTNERS.



Products

THE TREMENDOUS BREADTH OF CONSTELLATION'S PORTFOLIO –
MORE THAN 200 WINE, BEER AND SPIRITS BRANDS
ACROSS CATEGORIES AND PRICE RANGES –
MAKES US UNIQUE AMONG THE WORLD'S LEADING
BEVERAGE ALCOHOL COMPANIES.



Performance

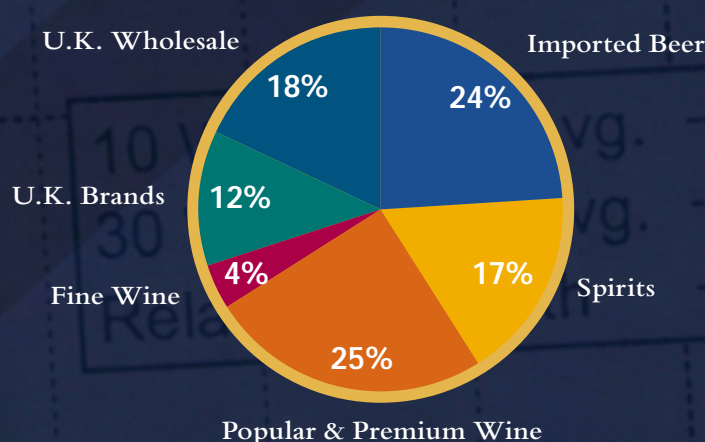
CONSTELLATION'S BUSINESS STRATEGIES AND
STRONG FINANCIAL PERFORMANCE HAVE HELPED INCREASE
OUR STOCK PRICE SIXFOLD SINCE 1993.

FINANCIAL HIGHLIGHTS

For the Years Ended February 28 and 29, presented on a comparable basis*
(in thousands, except per share data)

| | 2003 | 2002 | 2001 | 2000 | 1999 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Gross sales | \$ 3,583,082 | \$ 3,420,213 | \$ 2,983,629 | \$ 2,909,954 | \$ 1,872,048 |
| Net sales | \$ 2,731,612 | \$ 2,606,758 | \$ 2,226,020 | \$ 2,161,724 | \$ 1,384,590 |
| Operating income | \$ 409,722 | \$ 369,780 | \$ 290,372 | \$ 260,343 | \$ 157,263 |
| Net income | \$ 192,159 | \$ 156,921 | \$ 111,635 | \$ 95,099 | \$ 69,145 |
| Basic earnings per share | \$ 2.14 | \$ 1.84 | \$ 1.52 | \$ 1.32 | \$ 0.94 |
| Diluted earnings per share | \$ 2.07 | \$ 1.79 | \$ 1.49 | \$ 1.29 | \$ 0.92 |

GROSS SALES BREAKDOWN



ABOUT CONSTELLATION

Constellation Brands, Inc. is a leading international producer and marketer of beverage alcohol brands, with a broad portfolio across the wine, imported beer and spirits categories. The Company is the largest multi-category supplier of beverage alcohol in the United States, a leading producer and exporter of wine from Australia and New Zealand, and both a major producer and independent drinks wholesaler in the United Kingdom. Well-known brands in Constellation's portfolio include: Corona Extra, Pacifico, St. Pauli Girl, Black Velvet, Fleischmann's, Mr. Boston, Estancia, Simi, Ravenswood, Blackstone, Banrock Station, Hardys, Nobilo, Alice White, Vendange, Almaden, Arbor Mist, Stowells of Chelsea and Blackthorn.

* The financial measures presented on a comparable basis were not calculated in accordance with generally accepted accounting principles. They are provided because management uses this information in evaluating the results of the continuing operations of the Company, and believes this information provides investors better insight for evaluating year over year financial performance and trends. Reported financial results under generally accepted accounting principles are presented on page 22 of this Annual Report. The comparable operating income results reflect: (i) the impact of SFAS 142 (goodwill amortization), as if it had been adopted as of March 1, 1998, by excluding amortization expense of \$27,299, \$19,504, \$19,792 and \$8,755 for 2002 through 1999, respectively; (ii) the exclusion of restructuring charges of \$4,764 in 2003; and (iii) the exclusion of nonrecurring charges of \$5,510 in 2000 and \$2,616 in 1999. The comparable net income results reflect: (i) the impact of SFAS 142, net of income taxes, of \$18,946, \$14,293, \$14,418 and \$5,685 for 2002 through 1999, respectively; (ii) the exclusion of restructuring charges, net of income taxes, of \$2,892 in 2003; (iii) the exclusion of nonrecurring charges, net of income taxes, of \$3,306 in 2000 and \$1,551 in 1999; (iv) the exclusion of a gain on change in fair value of derivative instruments, net of income taxes, of \$14,039 in 2003; and (v) the exclusion of extraordinary charges, net of income taxes, of \$1,554 in 2002 and \$11,437 in 1999.



RICHARD SANDS, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS

More than any previous year in Constellation's history, Fiscal 2003 validated our multiple-category, brand-focused and consumer-driven operating strategy. We achieved strong sales that were leveraged into excellent financial results and the creation of shareholder value.

In this review, we discuss our strategy and how it helps us to keep growing. We also offer perspective on Constellation's market strength and present highlights from each of our businesses that underscore the contributions of our people, products and performance to our success.

A PROVEN STRATEGY

Constellation achieved strong results this past year because of a proven business strategy.

More than a decade ago, we set a course to participate in all the major beverage alcohol categories – wine, beer and spirits. Today we have strong presence and scale in each, and are not dependent upon a single category for our success.

Understanding consumer trends is equally important. To stay close to our markets, we have empowered our businesses by maintaining individual

FISCAL 2003 PERFORMANCE HIGHLIGHTS

- *Net sales increased five percent to reach \$2.7 billion*
- *Operating profit margins increased 80 basis points**
- *Net income grew 22 percent**
- *Earnings per share increased 16 percent**
- *Record free cash flow from operations of \$164 million[†]*
- *The completion of five consecutive years of generating double-digit earnings per share growth**

sales, marketing and production functions. Our talented employees are adept at recognizing and responding to consumer taste preferences. They know best what new brands, line extensions, sales techniques and marketing innovations are necessary to keep the business performing well. They also know how to pinpoint new growth opportunities. And because of Constellation's sound financial position, we can act quickly to invest in our existing business or acquire new businesses to capture those opportunities.

The result is our broad and strong portfolio of over 200 wine, beer and spirits brands. No other beverage alcohol company has this breadth. Well-established brands are the foundation of our business, acquired brands invigorate our

portfolio, and newly developed brands keep the portfolio contemporary. In many cases our brands are #1, #2 or #3 in their categories, in others they may be the fastest growing participant. Together they enhance our competitive advantage.

Building on that business strategy, our operating strategy is focused on scale, breadth and growth. Scale improves our distribution and routes to market, breadth meets consumer preferences, and participating in a balance of high growth and steady growth businesses drives consistently superior performance.

AN IMPORTANT ACQUISITION

As the beverage alcohol industry consolidates, there are acquisition opportunities in all areas. But for Constellation, a prospective acquisition target must survive a disciplined evaluation process that ensures it is a good fit, maintains our portfolio balance, and increases shareholder value. Only a few make the grade – BRL Hardy clearly did.

We began our relationship in August 2001, when we established our joint venture – Pacific Wine Partners – to distribute Hardy's Australian wines and a selection of California wines in the U.S.

* On a comparable basis (see note page 4)

[†] Net cash provided by operating activities of \$236 million less capital expenditures of \$72 million

The joint venture's performance exceeded our expectations and was the catalyst for acquisition discussions. The evaluation was made easier because we knew and respected Hardy's senior management. We shared similar ways of doing business, and by combining our mutual strengths we knew we could create the leading wine business in the world. Having now come together, the addition of Hardy's fast growing business will accelerate Constellation's overall sales and earnings growth prospects.

MARKET STRENGTH

There is no pure measure of a company's market strength within the fragmented beverage alcohol industry. However, Constellation is unique

because of our leading position in each key category.

We have an enviable roster of businesses and each plays a strategic role in making Constellation greater than the sum of its parts.

Our dynamic wine business has brands ranging from the most popular to the highest in luxury. Its tremendous scale and leading positions in the world's key growing wine markets has allowed us to generate steadily increasing profits.

Imported beer is one of the fastest growing beverage alcohol categories in the U.S. and our business is a pacesetter. We import a great mix of brands whose sales are growing at a significantly higher rate than those for domestic beers. And there is considerable room for them to keep growing. While imports have rapidly grown over the past ten years, they command just over an 11 percent share of the overall U.S. beer market.

Our spirits business is stable, generating significant profit and strong cash flow. While premium brands get most of the fanfare, the area we focus on – value to mid-premium spirits – commands a 50 percent share of the total U.S. spirits market and is strategically important to our distributors. As a low cost producer, Constellation leads this category. This allows us to be price competitive and innovative.

LEADING POSITIONS

#1 importer of beers in the western U.S.

#1 producer of wines in Australia

#1 supplier of wines in the U.K.

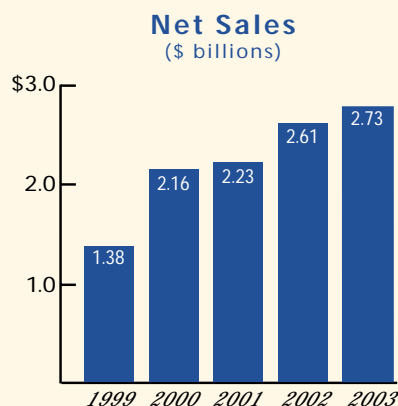
#1 independent U.K. drinks wholesaler

#2 wine producer in the U.S.

#2 wine producer in New Zealand

#2 cider producer in the U.K.

#3 spirits producer in the U.S.



Our U.K. business represents a foothold for growth. With the unique position of being both a beverage alcohol producer and independent drinks wholesaler, we can capitalize on our industry knowledge and find new market opportunities. One of those key opportunities is the rapid growth of New World wine consumption in the U.K. Adding Hardy's brands to our already leading portfolio is also a springboard for market expansion into other countries where New World wines are increasingly popular.

AS WE LOOK FORWARD

For nearly 60 years, Constellation has prided itself on the way it does business. We have established strong relationships with our distributors, retailers and suppliers; and we offer our consumers consistent, high-quality brands they know and trust. Our culture is also focused on maintaining the highest standards of integrity in all that we do.



We manage Constellation for ongoing success and set clear goals reflecting our high potential. We target growing net sales from our existing businesses by an average of six percent or greater per year over the long term, and managing our Company effectively to generate earnings per share increases of 15 percent or greater from that growth. To complement those targets, we look for strategic and financially attractive acquisitions to further accelerate sales and earnings.

We have achieved that level of growth over more than ten years – something in which I know every Constellation employee takes pride. Our consistency is the key to delivering value to you, and I firmly believe it will continue. We move into Fiscal 2004 with our strategies unchanged, and we are executing them from a significantly stronger base than just a year ago.

I am excited about our prospects and believe the best part of Constellation's history is yet to be written.

Richard Sands

* On a comparable basis (see note page 4)

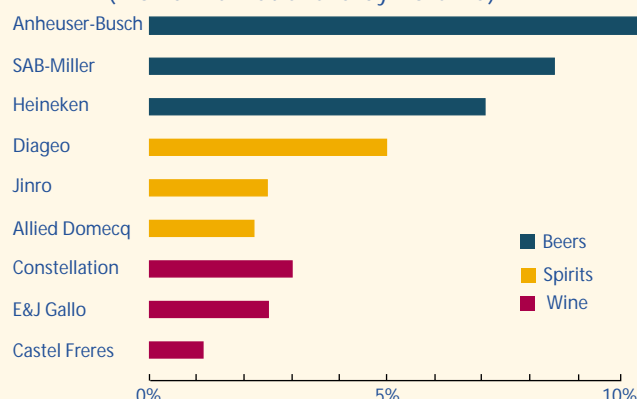
Market Strength

CONSTELLATION

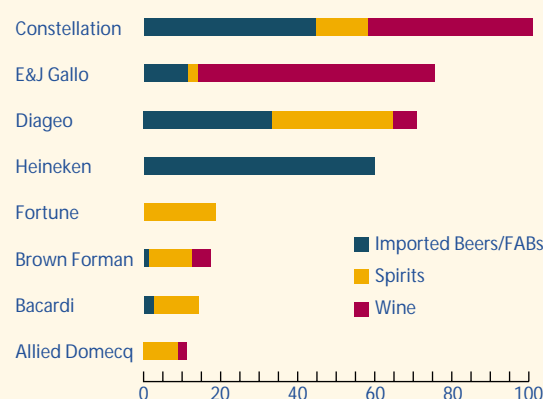
The global beverage alcohol market is very fragmented. Of the world's top beer, wine and spirits companies, none have greater than an 11% worldwide share of a category. Therefore, strength in individual markets continues to be a key for success.

Constellation has significant scale in each of the major markets in which we do business, which is an important measure of strength. In the U.S. for example, we are the leading and most balanced multi-category supplier, which helps ensure our brands are on the shelf and in front of the consumer.

Top Three Suppliers By Category (world market share by volume)



U.S. Case Volume (9 liter cases – millions)



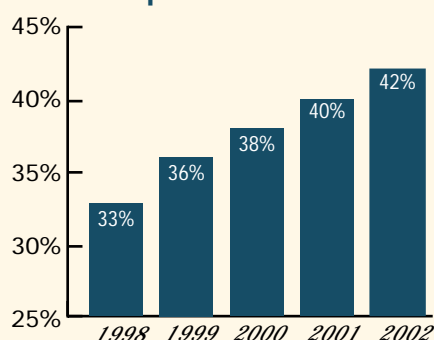
BEER PORTFOLIO

Imported beer in the United States has grown at an average compound annual growth rate of 9 percent since 1998 and its share of the total U.S. beer market has grown from 8 percent in 1998 to 11 percent in 2002. Mexican imports are the primary driver. They now account for 42 percent of all imported beer in the U.S., up from 33 percent just four years ago. The second-largest country of origin is the Netherlands

with a 26 percent share followed by Canada and Germany with a 15 percent and 5 percent share, respectively.

Constellation imports and markets five of the top seven Mexican imported beer brands, led by Corona Extra, the leading imported beer in the U.S. and 7th largest overall brand.

Mexican Share of U.S. Imported Beer Market



All market strength data from industry sources and Constellation

Share of U.S. Mexican Import Market

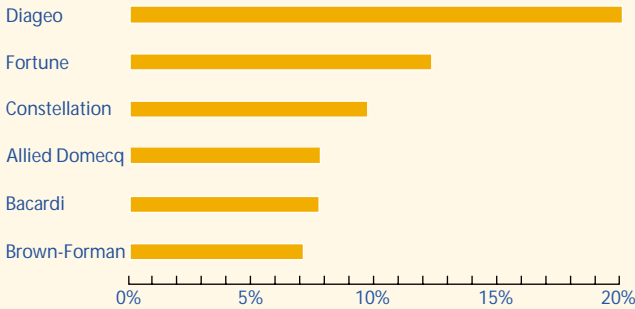
| | |
|-----------------|-----|
| Corona Extra | 70% |
| Tecate | 10% |
| Modelo Especial | 6% |
| Corona Light | 5% |
| Dos Equis | 4% |
| Pacifico | 3% |
| Negra Modelo | 2% |

SPIRITS PORTFOLIO

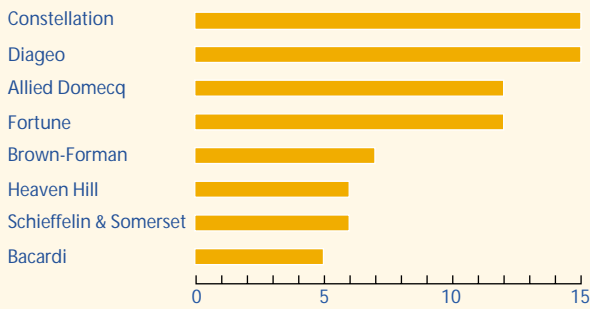
Despite consolidating over the past few years, the U.S. spirits industry continues to be very fragmented, with just a handful of national and numerous regional producers. Constellation is #3 overall in the U.S., and is the largest price/value category producer. Most of the larger producers are focused on premium brands.

The spirits industry can be broken down into 12 segments, including vodka, gin, scotch, and cordials – and Constellation has leading brands in each. In the U.S., we lead the industry with 15 of the top 100 selling spirits brands.

Share of U.S. Spirits Market
(volume)



Number of Top 100 Spirits Brands
(by supplier)



WINE PORTFOLIO

Constellation has leading market positions in wine in each of its major geographies: United States, United Kingdom, Australia and New Zealand; and our breadth of brands across price points and wine categories sets us apart. We have 22 of the top 100 brands in the U.S. Of the top 100 brands in the highly fragmented U.S. table-wine industry, 39 grew more than ten percent during 2002. Six belonged to Constellation,

the most of any company and double the level of our closest competitors.

And in the U.K., Stowells of Chelsea, already the #1 on-premise brand, grew to become the #1 overall brand. With the addition of Hardy, we now have three of the top ten on-premise brands and seven of the top 20 off-premise brands.

Constellation's
Top Growth Brands in the U.S.
(IRI 52 week data)

| | 2002 Growth | Origin | Avg. Price |
|-----------------|-------------|------------|------------|
| Blackstone | >100% | California | \$11.70 |
| Banrock Station | >100% | Australia | \$ 6.25 |
| Alice White | 75% | Australia | \$ 6.60 |
| Ravenswood | 51% | California | \$12.00 |
| Covey Run | 28% | Washington | \$ 8.40 |
| Estancia | 18% | California | \$14.00 |

Constellation's
Top Selling U.K. Off-Premise
Table Wine Brands

| | Origin |
|------------------------|------------|
| #3 Stowells of Chelsea | Various |
| #7 Stamp of Australia | Australia |
| #8 Banrock Station | Australia |
| #10 Hardys VR | Australia |
| #11 Nottage Hill | Australia |
| #18 Paul Masson | California |
| #19 Black Tower | Germany |

The Industry's Most Complete Wine Business

The wine industry has many producers, varieties and price categories. Constellation's wine portfolio ranges from some of the biggest and best known popular brands such as Almaden, Arbor Mist and Stowells of Chelsea; to fast growing premium brands like Blackstone and Alice White; to fine wine icons such as Estancia and Simi.

Our complete portfolio has several key benefits. We never rely upon the success of one or even a few brands; participating in every price category helps us quickly recognize consumer trends and take advantage of new market opportunities; and our size makes us a key partner for both distributors and retailers. That means we can be consistently successful.

In Fiscal 2003 we focused on and succeeded in increasing profitability and capturing growth opportunities. **We improved operating margins**, a significant accomplishment in a world wine market seen as highly competitive. We reduced our costs and leveraged our production infrastructure. Our portfolio breadth gave us flexibility to generate strong results.

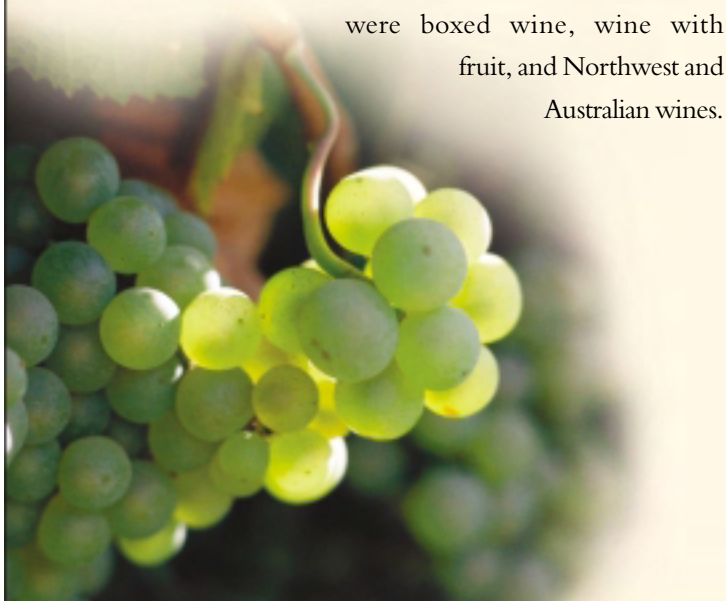
Overall wine consumption and sales continue to grow in our key U.S. and U.K. markets. Some areas where we saw growth were boxed wine, wine with fruit, and Northwest and Australian wines.



Almaden box sales increased on the strength of new varietal offerings. Arbor Mist grew shipments by three percent and continued to dominate the wine with fruit category. Northwest wines – long a well-kept secret – are gaining momentum and our Covey Run brand's shipments rose 62 percent, driven by increased consumer takeaway and expanded distribution. And **Alice White grew over 27 percent**, becoming one of the top four Australian brands in the U.S.

Distributors, retailers and restaurateurs enjoy carrying our fine wine portfolio because of its careful selection of wines with a reason for being. This past year, in addition to numerous high ratings, *Wine & Spirits* magazine named five of our fine wines among the top 50 on-premise brands, and four wines to the top 20 under \$25 list. With this kind of portfolio we can seek the right opportunities. We have kept generating industry-leading growth by gaining restaurant placements and new retail distribution. Highlights include **Simi sales increasing 28 percent and Ravenswood's 22 percent**. And overall, our fine wine portfolio continued to increase its market share with 18 percent sales growth – outpacing industry peers.

Our joint venture with BRL Hardy – Pacific Wine Partners (PWP) – performed beyond expectations. All parts of its portfolio – Australian, California, and New Zealand wines – showed great growth and greater potential given the still low market penetration of these wines. Impressively, **Blackstone Merlot became the #1 selling red wine over \$11**

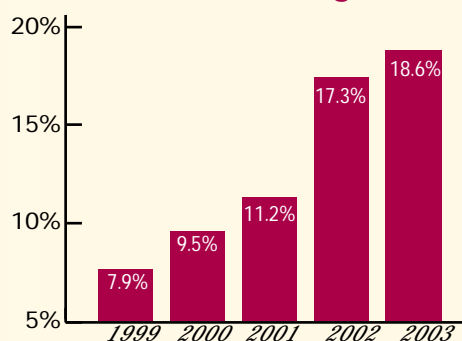


and one of only three brands selling over \$11 to achieve one million annual case sales. During the past year, Banrock Station, a leading Australian brand, grew over 45 percent and helped build PWP's portfolio to nearly two-million cases sold. And late in the year the joint venture launched a new product line in the U.S., Hardys Stamp of Australia, available in bottles, and for the first time for a premium wine,casks (boxes).

Beyond great brands, our 30 winemakers are also important to our success. People like David Lake at our Columbia Winery, a Master of Wine, or Ken Shyvers at Estancia who takes a boutique winery approach and applies it to a large fine wine brand. And Larry Levin of Franciscan Oakville Estate, who focuses on improving quality every time he touches our Napa Valley vineyards.

In the coming year a new chapter in our wine history begins. All of our wine companies, now including Hardy, have joined together to form the Constellation Wines division – **the largest wine business in the world**. To ensure that the key element of our past success remains intact, the division's individual brand-owning companies will maintain their own production, home market selling and marketing organizations. They will be supported by four international sales organizations seeking to build sales in key markets with high growth potential. Together, leaders of these businesses will implement Constellation's worldwide wine strategy, leveraging the strength of the first truly international wine business.

**Constellation's
U.S. Wine Margins***



**The comparable operating margins reflect: the impact of SFAS 142 (goodwill amortization), as if it had been adopted as of March 1, 1998, by excluding amortization expense of \$2,004,000, \$5,278,000, \$6,212,000 and \$13,174,000 for 1999 through 2002, respectively; the exclusion of restructuring charges of \$4,764,000 in 2003; and the exclusion of nonrecurring charges of \$2,565,000 in 2000. Operating margins before these adjustments were 7.6%, 8.4%, 10.4%, 15.8% and 18.0% for 1999 through 2003, respectively.*



CONSTELLATION WINES, INCLUDING
HARDY, REPRESENTS THE LARGEST WINE
BUSINESS IN THE WORLD – FEATURING
A DIVERSE PORTFOLIO OF POPULAR,
PREMIUM AND FINE WINE BRANDS.

Imported Beer

An Industry Force

As the largest importer of beer in the Western U.S., representing some of the world's major brewers, Constellation has made a significant mark in a highly competitive category. Today, we represent six of the top 25 imported beer brands and continuously drive growth in the category, selling more than 57 million cases annually. Each year we keep achieving industry-leading results.

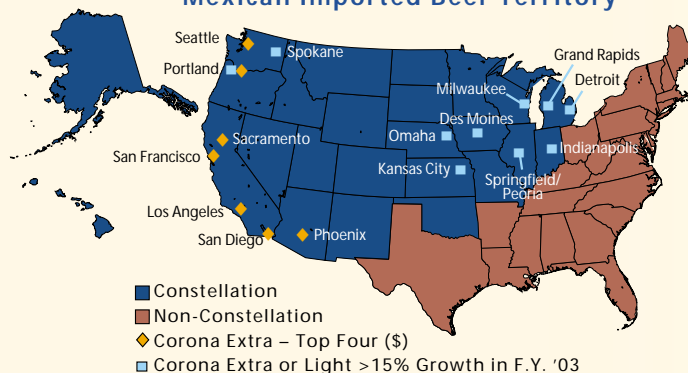


Much of our strength comes from our Mexican beer portfolio. Today, among all beers sold in the U.S., **Corona Extra is the #1 import** and #7 brand overall. Even more impressive, in several major markets within Constellation's territory – the 25 states primarily west of the Mississippi – **Corona Extra sales ranks in the top four**. Several of the other Mexican beers we import – Corona Light, Pacifico, Negra Modelo, and Modelo Especial – also have significant market shares.

Growth opportunities still abound, as Americans' taste for imported beer keeps increasing. Today, imports make up just 11 percent of all beer sales and have grown an average of nine percent per year over the last four years, while domestic beer sales have grown less than one percent. This growth pattern underscores the enormous potential both for our Mexican portfolio and Constellation's other imports, including **St. Pauli Girl, Tsingtao, and Peroni – ranked #1 or #2** in their respective categories.



Mexican Imported Beer Territory



Our success stems from long-standing relationships with brand owners, strong distributor partnerships, our commitment to a limited but well targeted portfolio, and an experienced and knowledgeable marketing and sales force. Twenty-six years ago, Grupo Modelo and Constellation's imported beer company became partners. It was the beginning of a strong and successful partnership. Together, Modelo's Mexican portfolio was built from the ground up. Today, its brands have become mainstream and the business continues to get stronger every year.

It all comes down to knowing your markets and striving to build brand equity and sustainable growth. While the phenomenal rise of Corona is well known, we keep seeking out new opportunities, and will expect to build upon a successful price increase implemented last year on the Mexican portfolio.



One exciting development will be the introduction of 24-bottle cases of Corona Extra, Corona Light and Pacifico. Working in partnership with Modelo, we developed the new packages to service the needs of our major retailers and add convenience for our consumers.

We offer unparalleled support to our brand owning partners. While the Mexican brands represent the majority of our imported beer sales, we have effectively managed the entire portfolio. As a testament to our commitment and performance, this past year we extended our Tsingtao and St. Pauli Girl importation agreements. When our St. Pauli Girl importation agreement was first signed in 1992, it had been a declining brand. The beer marketing team quickly began reestablishing its quality image and brand credibility, and today it is the **second best selling German beer**, completing five consecutive years of growth. Through hard work and effective marketing, Tsingtao today enjoys nearly **100 percent distribution among Chinese restaurants**, and we continue achieving strong gains for Italy's Peroni brand.

Closely working with our nationwide network of over 600 distributors, we have compiled an unprecedented record of brand development success. Indicative of that success, in a key annual **independent survey of beer distributors, Constellation rated second** only to Anheuser-Busch across a range of performance criteria.

Building on that strong foundation, Constellation will continue to capitalize on the dynamic growth prospects for imported beer in the U.S.



CONSTELLATION DISTRIBUTES SIX
OF THE TOP 25 IMPORTED BEER BRANDS
IN THE UNITED STATES, INCLUDING
THE #1 IMPORTED LABEL, CORONA EXTRA.

Popular Spirits Brands For All Tastes

Constellation's spirits portfolio is a proven generator of innovative line extensions, successful product revivals, and superior cash flow. As a result of these strengths, our spirits business plays a significant – and unique – role in helping us achieve our long-term goals. In Fiscal 2003, Spirits' sales grew three percent, in line with industry growth.

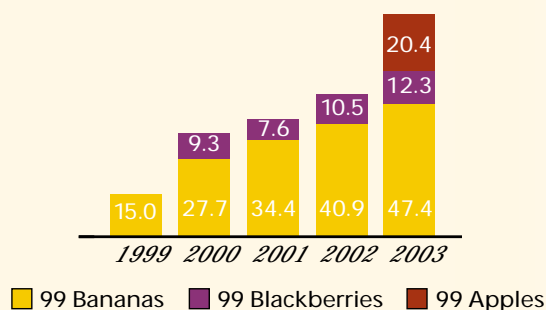


We strive to be a low-cost producer of quality, traditional spirits. Our portfolio is popular with distributors and retailers because it is a mainstay of liquor product offerings that steadily generates high revenues and profits. Equally important is our ability to keep the portfolio fresh and exciting.

Our brand managers and sales force are masters at recognizing market trends and maintaining a vibrant portfolio with successful brand innovations. This past year, we introduced five major extensions. The 99 Apples brand was the third flavor to join the 99 line that already includes 99 Bananas and 99 Blackberries. The introduction helped the brand **grow more than 55 percent**, with combined sales reaching 80,000 cases. The growth can be attributed to Constellation's ability to sustain on-premise cachet while also gaining significant off-premise sales. We also introduced Caravella Orangecello, adding to the already highly successful Limoncello. Enhancements to the popular Chi-Chi's line included a new Cosmopolitan flavor, which quickly shipped 25,000 cases. Also brought to market were Raspberry di Amore cordial and Fleischmann's Vanilla flavored vodka, quickly responding to consumers' developing tastes.



Growth Through Line Extensions (cases in thousands)



We constantly seek opportunities to enhance volume and profit through higher-priced brands, a goal attained when we revitalized Black Velvet Canadian Whisky. Our marketing team enhanced the image and presence of the brand through trade and consumer advertising, promotions and tasting events. These tools also supported the reintroduction of a **newly packaged Black Velvet Eight-Year Reserve**. And, to extend the audience for the brand, Black Velvet became a primary sponsor of the National Rodeo Association, a spectator sport that is strong in several core Black Velvet markets.



We have also moved into higher-margin products with our super-premium vodka, Thor's Hammer. Because we

are closely attuned to our markets, we were able to make adjustments in product, package, pricing, and positioning that enabled Constellation to increase depletions of Thor's Hammer by more than 50%. It continues to win accolades and be favorably compared to other super-premium vodkas.

Already the most profitable price/value brand spirits company in North America, Constellation continues to seek opportunities to lower its average cost. This past year the spirits team negotiated a production service contract for bottling and supply with a major spirits producer. The agreement will improve our Canadian plants' capacity utilization and absorb overhead costs, helping the business remain a low-cost leader.

As the spirits industry consolidates, we expect to increase our scale through strategic acquisitions and continued brand development.



CONSTELLATION IS THE LEADING PRODUCER
OF QUALITY SPIRITS IN THE PRICE/VALUE
CATEGORY. AT THE SAME TIME,
HIGHER-PRICE, HIGHER-MARGIN BRANDS
HELPED CONTRIBUTE TO OVERALL
CATEGORY SALES GROWTH.

Maintaining Our Competitive Edge in the United Kingdom

The U.K. plays an important strategic role for Constellation. It is a key market where high per-capita consumption offers a host of opportunities. Going forward, our market strength will be leveraged and bolstered by the BRL Hardy acquisition through its strong brand presence. In Fiscal 2003, our U.K. table-wine business shipments grew over eight percent, while our wholesale business captured further market share and remained the #1 independent drinks wholesaler in the country.

During the year, Stowells of Chelsea reinforced Constellation's leadership in the U.K. wine market by becoming the #1 overall brand. **California wines** have also been a major contributor to the success of our **U.K. branded business**, with our brands like Paul Masson, Nathanson Creek, Talus, Estancia, and Ravenswood, **growing 20 percent**. In addition, we created the new California brand Echo Falls – packaged in bottles and boxes just for the U.K. market. Well received since its launch last September, it is already surpassing many more established competitors' sales. Fortified wines were another success story. Our Stone's and QC fortified wine brands grew two percent, capturing market share and remaining highly profitable.



The addition of Hardy's wine brands will, for the first time, create a true wine market leader in the U.K. branded wine sector. With nearly 20 percent of the branded market share and seven of the top 20 selling wines, Constellation's combined portfolio will be a strong growth driver.

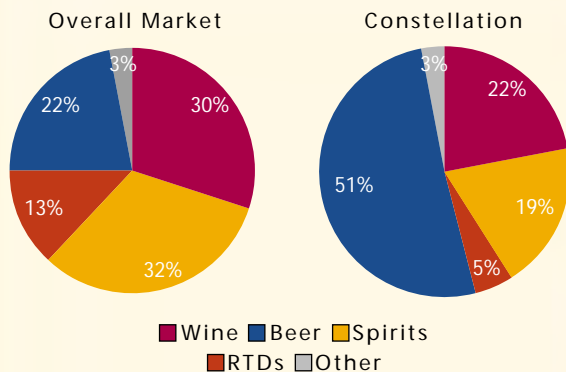
The U.K. wholesale business' sales grew 13 percent last year,

increasing its market share by focusing on penetration of existing accounts and capturing new business. Highlights included renewing our contract with major U.K. national pub chain J.D. Wetherspoon through 2005 and becoming a major supplier to Virgin Wines, a Web-based wine retailer. The U.K. wholesale business mirrors the breadth and scale of Constellation. It delivers beverage alcohol brands owned by major drinks companies – including Constellation – to many of the 135,000 on-premise outlets in the U.K., including pubs, clubs, hotels and restaurants. In an average month, we supply more than 16,000 of these outlets with products from hundreds of different product lines. We are particularly strong in wines (offering more than 1,000 choices), spirits and ready-to-drink beverages (RTDs), a strength we will leverage with Hardy wines in the coming years.

U.K. wholesale success is also key to achieving Constellation's vision of increased market share. Our brands represented about 15 percent of our wholesale portfolio and will continue to grow with the addition of the Hardy's brands. Their wines have a tremendous opportunity to build on **Stowells of**



U.K. Wholesale Sales Breakdown by Category



U.K. On-Premise Market Growth (value)

| | |
|---------|-----|
| Wine | 11% |
| Spirits | 5% |
| RTDs | 13% |
| Beer | 1% |

Chelsea's #1 on-premise position, by increasing their penetration in pubs, clubs, restaurants and hotels. There is ample opportunity for us to focus on Hardy brand growth, while balancing the need to perform and maintain our relationships with other suppliers to the division.

When we contemplated acquiring Hardy, we envisioned the U.K. as the market with the greatest immediate potential for the combined company. As U.K. consumers increase their wine consumption, no company is better positioned to benefit. We can be the wine category leader for our key customers. There has not been a single producer with this advantage until today.



CONSTELLATION'S UNITED KINGDOM
WHOLESALE BUSINESS GREW 13 PERCENT
LAST YEAR, SERVICING MORE THAN 16,000
ON-PREMISE OUTLETS IN THE U.K.
WITH A WIDE RANGE OF BEVERAGE ALCOHOL
PRODUCTS FROM CONSTELLATION AND
OTHER LEADING SUPPLIERS.

Brand Marketing

The Engine For Growth

We know how to market our brands. Starting with the introduction of Richards Wild Irish Rose in 1954, Constellation has demonstrated an understanding of how to present our products in ways that are fresh and appealing. Whether it's the flavors and blends we develop as extensions of a successful product line, or the way we package and promote our brands, we deliver what the customers want. As a result of our brand marketing skills, we have grown our business consistently.

With Constellation's broad portfolio and multiple category participation, there is no single formula for success. That is why we keep individual sales, marketing and production responsibilities within our companies. Our talented brand managers, marketing teams and sales forces know how to best market their products.

There are always new and interesting things happening in a given year. In Fiscal 2003, building on the tremendous success of long-running marketing campaigns for Corona Extra, the brand managers of Constellation's Mexican beer portfolio were seeking to energize Corona Light sales. After contemplating a variety of new marketing directions, the team keyed in on one fact – Corona Light offers the same fun, sun and escape from the ordinary as Corona Extra. So, with cooperation from brand owner Grupo Modelo, the beer team developed an attention grabbing co-branded marketing campaign.



Research shows that wine consumers drink a variety of brands. They may be loyal to one or two, but the sheer number of wines constantly invites new trial. Because of this, our marketing teams ensure our existing brands are contemporary and keep developing innovative new offerings. Capitalizing on the growth of varietal wines, this past year Constellation introduced several new Almaden box varieties and created White and Red Sangria line extensions. In industry firsts, we rolled out Arbor Mist Wine Blenders, building on the strong brand recognition of Arbor Mist wines. Adding consumer convenience, we introduced **Alice White Lil' Joeys, the first Australian brand sold at retail in single-serve bottle four packs**. New labels were introduced for Vendange, Columbia and several other brands. Innovative promotions abounded as well, including a Talus wine tie in with the TBS television station's Friday night segment "Dinner and a Movie." We also developed a breast cancer research support program through the Inglenook brand.

Selling fine wines is typically not about mass marketing and advertising – it is about strong industry and consumer relationships, and word of mouth. For years our fine wine division has hosted a highly successful Sommelier Summit, bringing top sommeliers from around the country to sample new vintages and releases.

Incentive programs for distributors and retailers like "Cabernet Days" help supercharge sales during key periods. Meanwhile, our hospitality centers offer comprehensive wine education programs for both consumers and retailers, and we have a highly successful wine club representing all of Constellation's fine wines. Finally, our typically numerous accolades and high ratings from the industry's leading wine critics are used as additional tools for gaining placements at retail and in restaurants.





For spirits, we take advantage of our low-cost-producer status to assure our pricing is always competitive, we conduct consumer research to discover new market opportunities and desired flavors, and bring out a steady stream of new

products. This year, we continued building our Chi-Chi's family of premixed cocktails into a franchise and added to the successful 99 line of flavored liqueurs. We also reintroduced a Black Velvet Reserve Canadian Whisky and developed many successful flavor extensions for our vodka brands.

In the U.K., building on the extraordinary success of our introduction of Stowells of Chelsea in glass bottles, we launched an entirely new premium line for the brand. And, having determined that there was an opportunity for classic varietal California wines at a particular price point, we introduced **Echo Falls, sold exclusively in the U.K.** Through its strong marketing introduction, it is already outselling many established brands and is recognized as one of the most successful product launches of the decade. Additionally, our Blackthorn cider brand continued its long-running relationship with the leading rugby team from Bath, England.

All these marketing activities serve to fuel our growth engine by energizing established brands and filling the pipeline with new products, packaging and line extensions. It is a key way we stay one step ahead of the competition.



Enhancing Scale,
Breadth And Growth

BRL Hardy Joins Constellation

In the first quarter of Fiscal 2004, Constellation acquired Australia's leading wine producer BRL Hardy, forming within our company the world's largest wine business. That business holds powerful market positions in the U.S., U.K. and Australia, and has a strong platform to grow wine exports to other key markets. It is poised to generate an estimated \$1.7 billion in sales in the coming year.

ABOUT BRL HARDY

Hardy is a dynamic growth company with an enviable track record – over the past five years, their sales, earnings and shareholder value have grown 20 percent or more annually.

They are Australia's largest wine producer and one of the top ten wine companies in the world. The business was formed in 1992 by the merger of respected Australian wine companies, Berri Renmano Limited and Thomas Hardy & Sons.

It has interests in wineries and vineyards in most of Australia's major wine regions as well as New Zealand, France and the United States. They own or lease approximately 8,200 acres of vineyards and operate multiple production facilities. In Australia, Hardy has a market share of approximately 24 percent by volume, covering all price points across bottled table wine, casks (boxed), fortified and sparkling wines. In New Zealand they are the #2 producer.

Their well-known brands include Banrock Station, Hardys Nottage Hill, Hardys Stamp and VR, Eileen Hardy, Sir James, Omni, Leasingham, Houghton, Nobile, Moondah Brook,



Yarra Burn, Brookland Valley, Stonehaven, Tintara, Chateau Reynella, Bay of Fires, Kamberra, Stanley, Berri Estates and Renmano.

The addition of Hardy's brands enhances Constellation's position as the leading source for New World wines – those from countries like Australia, the U.S., New Zealand, and Chile – the industry's fastest growing category. Today, we own the most complete brand portfolio – ranging from everyday table wines to select wines served in fine restaurants and everywhere in between.

This acquisition again demonstrated our skill and financial discipline for making value-enhancing transactions. Combining two fast growing and high performing companies, we are fulfilling our strategic objective to accelerate sales growth, broaden our product portfolio and geographic reach, and increase our competitive advantages.

Today, Constellation has a stronger, more international wine business. With continued investment in our fast growing imported beer and strong spirits businesses, we are able to execute our strategies from a solid foundation as one of the world's leading beverage alcohol companies. We are poised to keep generating strong results and delivering superior shareholder value.



Selected Financial Data

Five Year Statements Of Income

For the Years Ended February 28 and 29*
(in thousands, except per share data)

| | 2003 | 2002 | 2001 | 2000 | 1999 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Gross sales | \$ 3,583,082 | \$ 3,420,213 | \$ 2,983,629 | \$ 2,909,954 | \$ 1,872,048 |
| Less – excise taxes | <u>(851,470)</u> | <u>(813,455)</u> | <u>(757,609)</u> | <u>(748,230)</u> | <u>(487,458)</u> |
| Net sales | 2,731,612 | 2,606,758 | 2,226,020 | 2,161,724 | 1,384,590 |
| Cost of product sold | <u>(1,970,897)</u> | <u>(1,911,598)</u> | <u>(1,647,081)</u> | <u>(1,626,804)</u> | <u>(1,051,331)</u> |
| Gross profit | 760,715 | 695,160 | 578,939 | 534,920 | 333,259 |
| Selling, general and administrative expenses | (350,993) | (352,679) | (308,071) | (294,369) | (184,751) |
| Restructuring charges | (4,764) | – | – | – | – |
| Nonrecurring charges | <u>–</u> | <u>–</u> | <u>–</u> | <u>(5,510)</u> | <u>(2,616)</u> |
| Operating income | 404,958 | 342,481 | 270,868 | 235,041 | 145,892 |
| Gain on change in fair value of derivative instruments | 23,129 | – | – | – | – |
| Equity in earnings of joint venture | 12,236 | 1,667 | – | – | – |
| Interest expense, net | <u>(105,387)</u> | <u>(114,189)</u> | <u>(108,631)</u> | <u>(106,082)</u> | <u>(41,462)</u> |
| Income before income taxes and extraordinary item | 334,936 | 229,959 | 162,237 | 128,959 | 104,430 |
| Provision for income taxes | <u>(131,630)</u> | <u>(91,984)</u> | <u>(64,895)</u> | <u>(51,584)</u> | <u>(42,521)</u> |
| Income before extraordinary item | 203,306 | 137,975 | 97,342 | 77,375 | 61,909 |
| Extraordinary item, net of income taxes | <u>–</u> | <u>(1,554)</u> | <u>–</u> | <u>–</u> | <u>(11,437)</u> |
| Net income | <u>\$ 203,306</u> | <u>\$ 136,421</u> | <u>\$ 97,342</u> | <u>\$ 77,375</u> | <u>\$ 50,472</u> |

Earnings per common share:

Basic:

| | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Income before extraordinary item | \$ 2.26 | \$ 1.62 | \$ 1.33 | \$ 1.07 | \$ 0.85 |
| Extraordinary item | <u>–</u> | <u>(0.02)</u> | <u>–</u> | <u>–</u> | <u>(0.16)</u> |
| Earnings per common share | <u>\$ 2.26</u> | <u>\$ 1.60</u> | <u>\$ 1.33</u> | <u>\$ 1.07</u> | <u>\$ 0.69</u> |

Diluted:

| | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Income before extraordinary item | \$ 2.19 | \$ 1.57 | \$ 1.30 | \$ 1.05 | \$ 0.82 |
| Extraordinary item | <u>–</u> | <u>(0.02)</u> | <u>–</u> | <u>–</u> | <u>(0.15)</u> |
| Earnings per common share | <u>\$ 2.19</u> | <u>\$ 1.55</u> | <u>\$ 1.30</u> | <u>\$ 1.05</u> | <u>\$ 0.67</u> |

*For the Fiscal Years ended February 28, 2003, and February 28, 2002, see Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7 on Form 10-K and the Consolidated Financial Statements and notes thereto under Item 8 on Form 10-K.

Directors And Officers



(PICTURED LEFT TO RIGHT) GEORGE BRESLER, ROBERT SANDS,
JAMES A. LOCKE III, RICHARD SANDS, JEANANNE K. HAUSWALD,
THOMAS C. McDERMOTT, PAUL L. SMITH

Directors

Richard Sands
Chairman of the Board and
Chief Executive Officer,
Constellation Brands, Inc.

Robert Sands
President and
Chief Operating Officer,
Constellation Brands, Inc.

George Bresler
Partner of the law firm
of Kurzman Eisenberg
Corbin Lever &
Goodman, LLP

Jeananne K. Hauswald
retired from
The Seagram Company Ltd.

James A. Locke III
Partner of the law firm of
Nixon Peabody LLP

Thomas C. McDermott
Chairman of
GPM Associates, LLP

Paul L. Smith
retired from
Eastman Kodak Company

Executive Officers

Richard Sands
Chairman of the Board and
Chief Executive Officer,
Constellation Brands, Inc.

Robert Sands
President and
Chief Operating Officer,
Constellation Brands, Inc.

Thomas Mullin
Executive Vice President and
General Counsel,
Constellation Brands, Inc.

Thomas Summer
Executive Vice President and
Chief Financial Officer,
Constellation Brands, Inc.

W. Keith Wilson
Executive Vice President and
Chief Human Resources
Officer,
Constellation Brands, Inc.

Alexander Berk*
Chief Executive Officer,
Constellation Beers and Spirits

Stephen B. Millar*
Chief Executive Officer,
Constellation Wines

*Mr Berk is employed by Barton Incorporated and
Mr. Millar is employed by Hardy Wine Company Limited.

Facilities

Corporate Offices

Constellation Brands, Inc.
300 Willowbrook Office Park
Fairport, New York 14450
585.218.3600
or 888.724.2169

Barton Incorporated
55 East Monroe Street
Suite 2600
Chicago, Illinois 60603
312.346.9200

Canandaigua Wine
Company, Inc.
235 North Bloomfield Road
Canandaigua, New York 14424
585.396.7600

Hardy Wine Company Limited
Reynell Road
Reynella SA 5161
Australia
011.618.8392.2222

Franciscan Estates
1178 Galleron Rd.
St. Helena, California 94574
707.963.7111

Matthew Clark plc
Whitchurch Lane
Bristol BS14 0JZ
England
011.44.127.836.100

Nobilo Wine Group, LTD
45 Station Road
Huapai, Auckland
New Zealand
011.649.412.6666

Pacific Wine Partners LLC
800 South Alta Street
Gonzales, California 93926
831.675.2481

Wine and Grape Processing

Batavia Wine Cellars
Batavia, New York

Bay of Fires
Tasmania

Berri Estates
South Australia

Blackstone Winery
Gonzalez, California

Bristol Winery
Bristol, England

Canandaigua Winery
Canandaigua, New York

Columbia Winery
Woodinville, Washington

Cribari Winery
Fresno, California

Drylands
New Zealand

Dunnewood Vineyards
Ukiah, California

Escalon Cellars
Escalon, California

Estancia Winery
Soledad, California

Franciscan Oakville Estate
Rutherford, California

Houghton
Western Australia

Kamberra
Australia Capital Territory

La Baume
France

Leasingham
South Australia

Mission Bell Winery
Madera, California

Nannup
Western Australia

Nobilo
New Zealand

Paul Masson Cellars
& Vineyards
Madera, California

Ravenswood Winery
Sonoma, California

Renmano
South Australia

Reynella
South Australia

Simi Winery
Healdsburg, California

Stanley
New South Wales

Ste. Chapelle Winery
Caldwell, Idaho

Stonehaven
South Australia

Sunnyside Operations
Sunnyside, Washington

Tintara
South Australia

Turner Road Vintners
Woodbridge, California

Veramonte Winery
Casablanca, Chile

Widmer's Wine Cellars
Naples, New York

Distilled Spirits

Viking Distillery
Barton Brands of Georgia
Albany, Georgia

Barton Brands of Georgia
Atlanta, Georgia

Barton Brands Ltd.
Bardstown, Kentucky

Barton Brands of
California, Inc.
Carson, California

Barton Brands, Ltd.
Owensboro, Kentucky

The Black Velvet
Distilling Co.
Lethbridge, Alberta, Canada

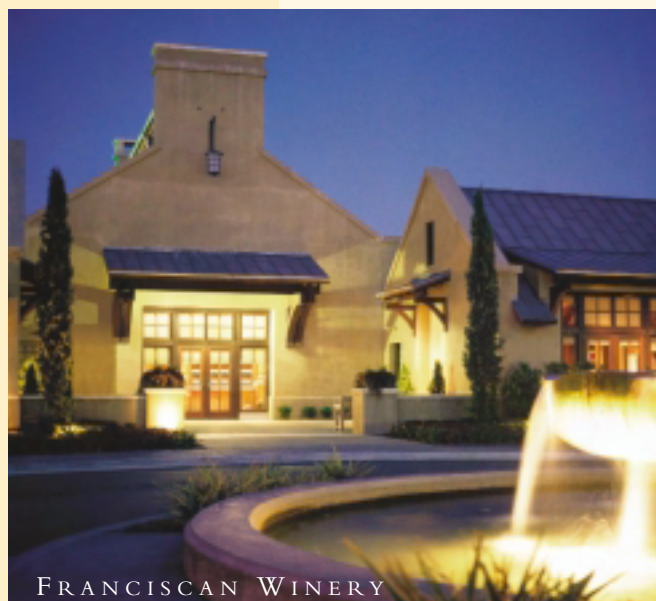
Schenley Distilleries, Inc.
Valleyfield, Quebec, Canada

Cider Processing

Shepton Mallet
Somerset, England

Bottled Water

Strathmore Mineral
Water Co.
Forfar, Scotland



FRANCISCAN WINERY

Product Portfolio

CONSTELLATION BEERS

China

Tsingtao



England

Double Diamond
Tetley's

Germany

St. Pauli Dark
St. Pauli Girl
St. Pauli NA



Italy

Peroni

Mexico

Corona Extra
Corona Light
Modelo Especial
Negra Modelo
Pacifico



CONSTELLATION SPIRITS

Blends

Barton Premium
Barton Reserve
Fleischmann's Preferred
Imperial
Old Thompson
Royale Club
Schenley Reserve



Bourbon

Barclay's
Colonel Lee
Kentucky Gentleman
Kentucky Tavern
Ten High
Tom Moore
Very Old Barton

Brandy

Barton California
Barton California Deluxe
Fleischmann's CSR
Hartley
Jacques Bonet
Mr. Boston Flavored
Blackberry and other flavored brandies
Mr. Boston Five Star
Paul Masson Grande Amber



Canadian

Barton
Black Velvet
Black Velvet Reserve
Canadian Host
Canadian LTD



Canadian Supreme
Corby's
Golden Wedding
MacNaughton
McMaster's
Northern Light
Schenley OFC

Cocktails

Chi-Chi's
Mr. Boston



Cordial/Other

Amaretto di Amore
Amaretto de Sabroso
Barton Long Island Iced Tea
Barton Triple Sec
Caravella Limoncello
Caravella Orangecello
Carmichael's Heather Cream Liqueur
Montezuma Triple Sec
Mr. Boston
Paul Masson Cream Liqueur
Raspberry di Amore
Sabroso Coffee Liqueur
Sambuca di Amore
Spinelli Asti Spumante



Gin

Barton
Crystal Palace
Czarina
Fleischmann's
Glenmore
Mr. Boston
Schenley London Dry
Skol



Rum

Barton
Beachcomber
Calypso
Fleischmann's
Mr. Boston
Skol

Schnapps

99 Apples
99 Bananas
99 Blackberries
Barton
Mr. Boston



Scotch

Highland Mist
House of Stuart
Inver House
Lauder's
Old Pulteney Single Malt
Speyburn Single Malt

Tequila/Mezcal

Capitan
El Toro
Monte Alban Mezcal
Montezuma

Vodka

Barton
Barton Blue Wave
Crystal Palace
Czarina
Fleischmann's Flavored
Fleischmann's Royal
Glenmore
Mr. Boston
Schenley Superior
Silver Wedding
Skol
Skol Blue Lightning
Thor's Hammer



CONSTELLATION WINES (SOLD IN THE U.S.)

California

Almaden
Blackstone
Coastal Vintners
Dunnewood
Estancia
Farallon
Franciscan Oakville Estate
Heritage
Inglenook
LaTerre
Mount Veeder
Nathanson Creek
Paul Masson
Quintessa
Ravenswood
Seventh Moon
Simi
Talus
Taylor California Cellars
Vendage



Argentina

Marcus James

Australia

Alice White
Banrock Station
Barossa Valley Estate
Brookland Valley
Chateau Reynella
Hardys
Leasingham
Starvedog Lane
Yarra Burn



Chile

Veramonte
Viña Santa Carolina



Idaho

Ste. Chapelle

New Zealand

Nobilo

Washington

Columbia
Covey Run
Paul Thomas

Dessert

Cisco
Cribari
Paul Masson
Taylor
Wild Irish Rose

Sparkling

Cook's
Great Western
J. Roget
Le Domaine
Mondoro



Specialty

Arbor Mist
Arbor Mist Wine
Blenders
Manischewitz
St. Regis – Non Alcohol



CONSTELLATION WINES (SOLD IN THE UK)

Cider

Addlestones
Blackthorn
Cidermaster
Copperhead
Diamond White/Red
Gaymers Olde English
Ice Dragon
K
Natch
Old Somerset
Red C
Special Vat
Traditional
White Star



Fortified British Wines/Other

Armadillo
Cherry B
K Ice (FAB)
Old England
Pony
QC
Sanatogen
Scotsmac
Snowball
Stones Ginger Wine
Tudor Rose
VP
Whiteways

Wine

Banrock Station
Barossa Valley Estate
Black Tower
Blackstone
Chateau Reynella
Echo Falls
Estancia
Hardys
Houghton
Keo
La Baume
Leasingham
Nathanson Creek
Nobilo
Paul Masson
Ravenswood
Seventh Moon
Shamwari
Stonehaven
Stowells of Chelsea
Talus
The Bend in the River
Vendage
Veramonte
Yarra Burn



Wine Style Drinks

Arbor Mist
Babycham
Biancella
Concorde
Country Manor
Pink Lady
Rougemont

Matthew Clark Wholesale

The #1 independent composite drinks wholesaler in the U.K.

Water

Strathmore – still, sparkling and flavored bottled waters

CONSTELLATION WINES

(SOLD IN AUSTRALIA)

Wine

Banrock Station
Barossa Valley Estate
Berri Estates
Brookland Valley
Hardys
Houghton
Leasingham
Moondah Brook
Omni
Renmano
Sir James
Stanley Wines
Starvedog
Stonehaven
Yarra Burn



Investor Information

Corporate Headquarters

Constellation Brands, Inc.
300 Willowbrook Office Park
Fairport, New York 14450
585.218.3600
888.724.2169
cbrands.com
Investor Center: 888.922.2150

Stock Transfer Agent and Registrar – U.S.

Mellon Investor Services
Overpeck Centre
85 Challenge Road
Ridgefield Park, New Jersey 07660
800.288.9541
melloninvestor.com

Stock Trading

The Company's Class A and Class B Common Stock trade on the New York Stock Exchange (NYSE) under the ticker symbols STZ and STZ.B, respectively. As of April 30, 2003, there were 985 and 245 holders of record of Class A and Class B Common Stock, respectively.

CDI Transfer Agent and Registrar – Australia

ComputerShare Pty Ltd.
GPO Box 1903
Adelaide SA 5001

800.030.606 (toll free within Australia)
61.3.9611.5711 (outside Australia)

CDI Trading

CHESS Depositary Interests trade on the Australian Stock Exchange (ASX) under the ticker symbol CBR. As of April 30, 2003, there were 1,132 holders of record.

Dividend Policy

The Company's policy is to retain all of its earnings to finance the development and expansion of its business, and the Company has not paid any cash dividend since its initial public offering in 1973.

Information Regarding Forward-Looking Statements

The statements set forth in this report, which are not historical facts, are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in, or implied by, the forward-looking statements. For risk factors associated with the Company and its business, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2003.

Additional Copies of Form 10-K

The Annual Report on Form 10-K may be found inside the back pocket of this report or may be obtained by contacting Mark Maring, Vice President Investor Relations, Constellation Brands, Inc. at our corporate headquarters address provided on this page. Alternatively, a copy is available on our Constellation Brands' Web site at cbrands.com, or by request from the Securities and Exchange Commission (SEC).

Annual Stockholders' Meeting

The Annual Meeting will be held at 11:00 a.m. on Tuesday, July 15, 2003, at One HSBC Plaza, Rochester, New York.

This Annual Report together with the Company's Form 10-K for the Fiscal Year ended February 28, 2003, which is located in the inside back pocket of this report, form the Annual Report to stockholders. Form 10-K includes important financial and business information regarding the Company. In particular, stockholders should refer to Form 10-K for the Company's: audited financial statements and notes thereto, supplementary financial information, selected financial data, Management's Discussion and Analysis of Financial Condition and Results of Operations, discussion about market risk, description of its industry segments and foreign and domestic operations, and discussion about the market price of and dividends on its common equity and related stockholder matters.



Buy (★★★★★)

2003

ANNUAL
REPORT



Constellation

300 WillowBrook Office Park
Fairport, New York 14450

585.218.3600 888.724.2169 cbrands.com

O N D J F M A M J J A S O N D J F M A M J J
2000 2001